Jan. 30, 1967

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JANUARY 30, 1967

THE WORLD FOOD AND POPULATION PROBLEM

MEXICO'S HENEQUEN OUTPUT

BURMA TODAY

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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Including FOREIGN CROPS AND MARKETS

JANUARY 30, 1967

VOLUME V • NUMBER 5

Rows of citrus trees mature on one of the worlds' largest citrus estates, the Letaba Estate in South Africa. A profile of the agriculture and trade of this country appears on page 16. (Photo courtesy South African Information Service, Pretoria.)

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Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

The World Food and Population Problem: An Overview

Time is now the critical new dimension in the world food situation as the population juggernaut continues to gain momentum in the less developed world.

By LESTER R. BROWN, *Administrator*
International Agricultural Development Service

Last September we began the last third of the Twentieth Century, a period promising to be one of the most difficult man has yet experienced. If the most recent population projections materialize, the history of this period may be influenced more by the explosion in the number of people than by any other single factor.

We are focusing here on the problem of food shortages in the less developed countries but this shortage like the shortage of classrooms, of housing, and jobs is a symptom of a much more basic problem—uncontrolled rates of human increase. The world is now adding a million more people each week, most of them in the less developed countries. This flood of people is washing away the benefits of million of man-years of effort and billions in foreign aid.

The problem is so basic that man is baffled and bewildered, unable to cope with the human tidal wave. India, whose population passed the 500-million mark this past summer, is finding it impossible to meet the basic needs of her people.

Advances become declines

A decade ago most of the less developed countries were making encouraging advances in per capita food production. Since then population growth has gained momentum, and many of the encouraging advances have become discouraging declines.

Only 5 years ago the United Nations termed the years 1960 to 1970 the Decade of Development. If the adverse food/population trends of the first half of this decade are not reversed, it may well be recorded as the Decade of Disappointment.

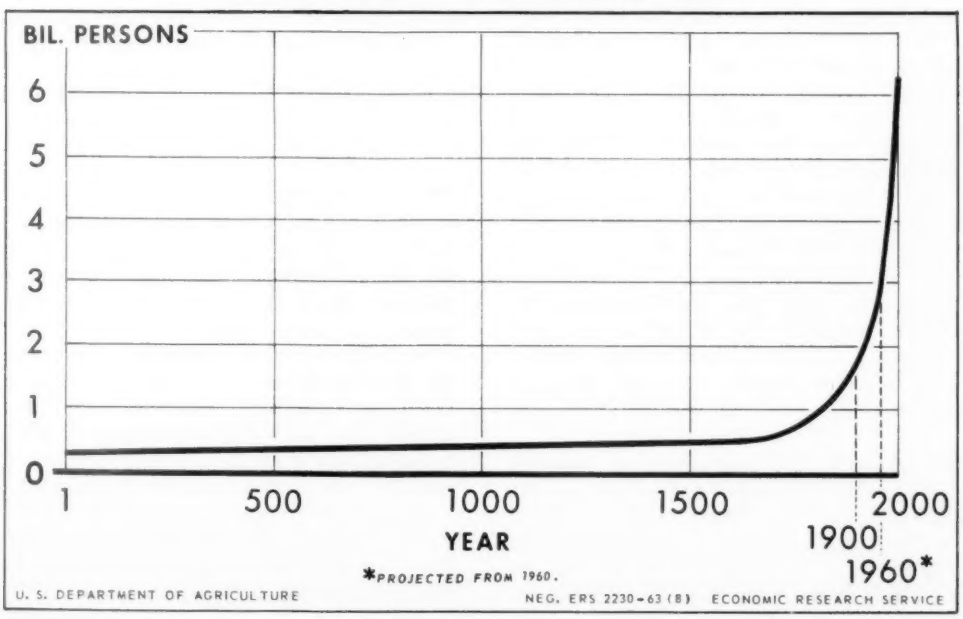
Latin American agriculture has performed well over the past decade, increasing food production 2½ percent per year, matching the performance of Western Europe. In Western Europe, where population gains at a rate of 1 percent a year, this is progress; but in Latin America, where it increases 3 percent a year, this outstanding performance is inadequate.

World food production this year is exactly the same as last year, but there are 65 million more mouths to feed. It is not surprising then that our stocks of food are shrinking.

A decade ago our costly and burdensome surpluses were a favorite subject of editorial writers. Today these surpluses are gone. There are no surpluses of wheat, rice, feedgrains, soybeans, dairy products, or any other major commodity in this country or anywhere else in the world. Though burdensome, these surpluses gave us a sense of security—a sense of security we no longer have.

This article contains the highlights of a talk by Mr. Brown at the Center for Agricultural and Economic Adjustment, Iowa State University, Ames, Iowa, November 8, 1966.

TWENTY CENTURIES OF WORLD POPULATION GROWTH



Two simultaneous explosions

There are now two explosive forces generating additional demand for food. One is the population explosion. Much has been said and written about it.

The second explosive force is the rapid rise in per capita income occurring in many countries, particularly the more advance ones. Much less has been said about the income explosion than about the population explosion. The food problem has been characterized as a race between food and people. In fact, it is a race between world food demand and production.

Less developed countries today are, almost by definition, countries with rapid rates of population growth. This phenomenon, aptly termed the "population explosion," is so recent that we have not yet had time to assess its impact. Populations growing 3 percent per year double within a generation and multiply 18-fold within a century. To an agriculturist this demographic arithmetic is frightening.

In response to this deluge of people, we are beginning to shift our thinking, our planning, and our resource allocation from the earlier objective of improving diets to that of avoiding famine. In 1966 nearly one-fifth of our wheat crop was shipped to India. Moving this vast quantity of grain required 600 ships—the largest peacetime armada ever assembled, and possibly the largest assemblage of ships since D-Day. No one knows how much will be needed in 1967, but significantly, this vast movement of U.S. food, supporting 60 million Indians, is not achieving any improvement in diets.

To those of us who work in agriculture it is clear that an acceptable balance between food and people cannot be achieved by focusing our attention on food alone. President Johnson recognized this in his San Francisco message commemorating the 20th anniversary of the United Nations when he said: "Let us act on the fact that less than $5 invested in population control is worth $100 invested in economic growth."

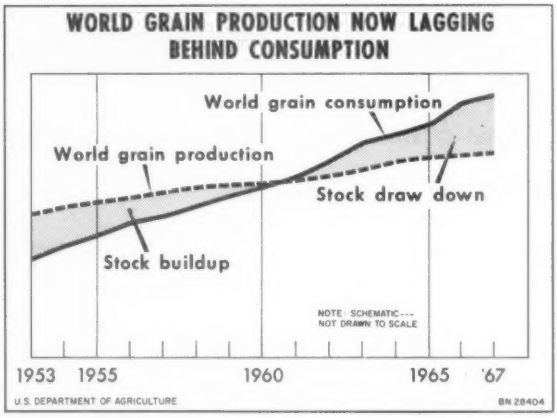
Income explosion

Enough for the population explosion. Too little attention is given the income explosion, which is also expanding the worldwide demand for food.

Grains occupy more than 70 percent of the world's cropland, and, in terms of calories, they provide more than half of man's total food energy when consumed directly, and a sizable part of the remainder—when consumed indirectly in the form of meat, milk, and eggs. Thus, grain can be used to measure the increase in food needs associated with either population growth or rising incomes.

In caloric terms the range goes from something like 2,000 calories per person per day in the less developed world to over 3,000 calories a day in the United States—a difference of about 50 percent. But this difference measures only quantity. It does not measure the quality of the diet.

Some 1,600 pounds of grain per person per year are required to provide the high protein diet common to the United States. This contrasts sharply with the annual availability of 400 pounds per person in the less developed countries. The difference is not 50 percent, as indicated for the caloric intake levels, but a fourfold difference.



The desire for more protein in the diet seems to be common to all societies. It is apparently an inherent physiological characteristic of man. The level of income appears, not surprisingly, to be the only important factor constraining the level of animal protein intake.

More grain used for animal feed

Rising incomes exert pressure on the world's food-producing resources not only because they generate an additional demand for meat and other animal products but also because as incomes rise the share of grain-fed meat, particularly beef, often increases while the share of grass-fed beef declines. In Canada, for instance, the share of grain-fed beef has increased from 24 percent to 54 percent since 1951. A similar shift seems to be occurring in some of the countries of Western Europe.

The use of grain for direct consumption never seems to exceed 400 pounds per person per year regardless of the level of income. Once annual incomes reach several hundred dollars a year, the consumption of grain as food begins to decline, dropping to 150-200 pounds where it seemingly levels off.

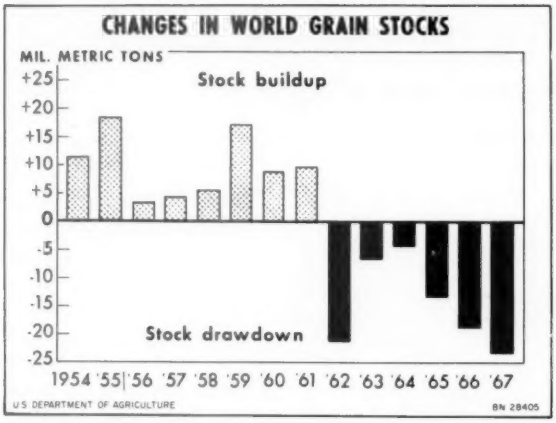
Sharp population increases, occurring mostly in the world's less developed regions, are reflected in the fast-growing demand for foodgrains. Increased per capita incomes, now the stated objective of every country, developed or less developed, are reflected in the rising demand for feedgrains. Together, these two explosions occurring at the same time, are causing an explosion in demand which the world's farmers are not able to match.

Stocks down, consumption up

It was not too long ago that we were saying that we had 15 to 20 years to solve the world food problem. It now appears that we have much less time in which to stop and reverse the unfavorable food/population trends outside the United States.

Projections of world food production and demand over the past several years have had two things in common, regardless of where they were done and by whom. Almost without exception they underestimated the rate of increase in food demand and overestimated the rate of increase in food production in the less developed countries.

During the 8 years from 1953 to 1961, world grain stocks increased each year, averaging 9 million tons per year. In this period world production was running ahead of consumption. However, during the 6 years from



1961 until 1967, world stocks have declined each year.

This excess of consumption over production was satisfied by using the excess stocks held by the major exporting countries, particularly the United States. With these stocks now gone, efforts are being made to offset the excess of consumption over production by bringing back into production idled cropland in the United States. Once this is used up it will be much more difficult to cope with the growing gap between consumption and production.

Food shortage symptoms

There are many who feel that the coming food crisis will be ushered in by something very dramatic, such as a headline in the morning newspaper reporting several million dead from starvation in some distant country. I don't believe it will be that obvious. Rather, there will be many symptoms of an unfolding food crisis. Some of these are already in evidence.

Almost every major less developed country—whether it be India, Pakistan, Indonesia, the UAR, or Brazil—has experienced rising food prices in recent years. As food prices rise, upper- and middle-income groups increase their expenditures for food, largely offsetting the rise in price. But the low-income groups, who may already be using their limited income to buy their food, can't increase their expenditures enough to offset the price rise. They must buy less and tighten their belts.

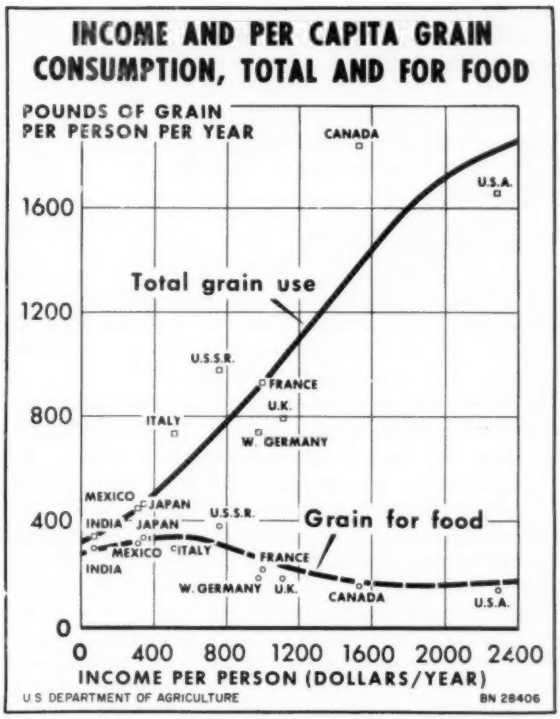
This is not consistent with the rise in expectations characterizing nearly all the world's people today. The result is demonstrations, riots, and, in some cases, revolutions.

Over the past several months the price of rice moving in international trade has gone up sharply. A ton of rice now costs twice as much as a ton of wheat, even though the nutritional content is little different. The advanced countries will buy about as much rice as before, but the less developed countries, with limited foreign exchange earnings, must reduce imports.

The world's wheat reserve is much smaller now than a few years ago. As supplies tighten, again it is the less developed countries which reduce imports most. And as these countries are forced to cut food imports, the gap between the "haves" and the "have nots" grows wider.

Limited farmland expansion

The reason for the growing food shortages can be simply stated: There is little new land that can economically and quickly be brought under the plow, and many



of the less developed countries are not able to raise yield per acre in a rapid sustained fashion.

Anyone who looks at a world map with the cultivated areas marked cannot fail to be impressed with how little of the earth's land surface is used to produce food. This has led many to assume that there are vast areas of the world which can readily be brought under the plow. But such is not the case.

Estimates of how much new land can be put into cultivation vary widely. These estimates have little meaning, however, unless they specify at what cost the additional acreage can be made productive. Over the past 30 years it has been more economic in North America and Western Europe to expand food production by raising output per acre than by increasing the area under cultivation.

Land hunger is common to a great majority of the less developed countries. The tropical rain forests of sub-Sahara Africa and Latin America offer a possibility for substantial expansion of cropland, if we can learn how to manage these soils, sustaining their fertility once the lush natural vegetation is removed. Another possibility for expanding the world's cultivated area will come when the desalting of seawater becomes efficient enough to permit irrigation in some of the world's great deserts—but this is maybe a generation or so away.

Raising output per acre

Most of the increases in food required to meet the projected increases in demand over the remainder of this century must come from raising the productivity of land already under cultivation. Achieving this requires several critical changes.

Capital inputs and technology must be used on a massive scale, substituting for the new land no longer avail-

able. Getting farmers to use modern inputs requires a food-price policy insuring a favorable relationship between the price of farm products and the cost of purchased inputs, such as fertilizer. Also, foreign private investment in agricultural supply industries is often required in order to provide the fertilizer, pesticides, improved seeds, farm implements, and other modern inputs on the scale needed.

Some encouraging developments

In spite of the discouraging trends in food production and population growth, there are some encouraging developments on both these fronts. Perhaps the most encouraging one to date is the growing recognition of the problem. This is the essential first step.

With the fertility of the people outrunning the fertility of the soil in country after country this recognition did not come too soon. A major technological advance, the development of a successful intrauterine contraceptive device—or IUD, as it is commonly called by family planning officials—has raised hopes everywhere. It provides a means of limiting family size and is both less expensive and much more simple than most of the traditional means. Using this, plus an assortment of more traditional approaches to family planning, has permitted both South Korea and Taiwan to appreciably reduce birth rates over the past 3 years.

India too is developing a nationwide family planning program in which the IUD figures prominently. It will be many years before even a majority of the estimated 50 million mothers in India now eligible for family planning will be reached but at least there is a realistic expectation that the population tide can be stemmed.

Some of the newly developed countries have already benefitted from the results of intensive agricultural development programs. Israel, Taiwan, and Mexico have achieved impressive advances in crop output in recent years. An agricultural diversification program in Thailand has doubled exports within the past decade.

Japan is assuming a leadership in Asian agricultural development, including its "farmers in residence" program in India, which places a Japanese farm family in an Indian village to demonstrate improved methods. Taiwan too is carrying out its own technical assistance program in Vietnam and several African countries.

Finally, research holds great hopes for improving the world situation. The Rockefeller Foundation working in the Philippines is making impressive progress in developing more productive varieties of rice. The next and perhaps most difficult step is to adapt these varieties to local growing conditions throughout the rice belt of Asia.

Next 15 years the hardest

But transforming research results into reality is often far more difficult than perfecting the test-tube success. Food shortages are not due to a lack of potential for expanding world food production but to the inability to realize the potential quickly enough.

The next 15 years may be the most difficult ones. During this period we can expect to add another billion people. Even more worrisome, fully four-fifths of the billion will be added in the less developed countries where food is already in chronic short supply.

Achieving the satisfactory balance between food and people will require dramatic increases in farm productivity in Asia, Africa, and Latin America, comprising half the world's population. The transition from traditional to modern agriculture, which must be made in the next decade and a half, will require more change in human behavior in a shorter time than ever before.

From the President's State of the Union Speech—

Next to the pursuit of peace, the really greatest challenge to the human family is the race between food supply and population increase. That race tonight is being lost. The time for rhetoric has clearly passed. The time for concerted action is here and we must get on with the job.

We believe three principles must prevail if our policy is to succeed:

First, the developing nations must give highest priority to food production, including the use of technology and the capital of private enterprise.

Second, nations with food deficits must put more of their resources into voluntary family planning programs.

Third, the developed nations must all assist other nations to avoid starvation in the short run and to move rapidly towards the ability to feed themselves.

Every member of the world community now bears a direct responsibility to help bring our most basic human account into balance.

Responsibility of governments

Governments of the less developed countries must make some difficult political decisions. Food-price policies must become producer-oriented rather than consumer-oriented; farmers must be assured of a price for their products which will make the use of fertilizer and other modern inputs profitable. And in order to provide their farmers with massive injections of capital inputs and with the new technology, governments of the less developed countries must create a climate for foreign investment far better than exists in most countries today.

Governments in the less developed countries must allocate much more to family planning. No area of endeavor today is so urgent or so neglected. Many countries are still thinking in terms of pilot projects and research, but the time for this has passed.

Buying time with food

Eradicating hunger in a world with an exploding population is one of the most complex tasks man has ever set for himself. Putting a man on the moon is simple by comparison. It is an engineering problem—a difficult engineering problem but involving relatively few people.

Time is the critical new dimension in the world food problem. The strategy for relating our food and food-producing know-how to the world's needs is simple. We plan to continue to ship food abroad under concessional terms, buying time with which the developing countries can slow down population growth and accelerate food production. To date, most aid-recipient countries have not used this time widely. Under our new food legislation, however, they must do so in order to maintain their eligibility for food aid.

Burma Fails To Make the Best Use of Its Natural Resources

Rejecting most foreign aid, this country has tried to work out its own economic salvation and is now loosening ome of its strict controls.

By CLARENCE E. PIKE
Foreign Regional Analysis Division
Economic Research Service

This is the third in a series of articles on the agricultural and industrial development of four Southeast Asian countries. The first two covered Taiwan and Korea, both economic success stories. This article on Burma and next week's on Indonesia depict countries where little progress has occurred.

Burma, with a population of 25 million, is one of the world's most richly endowed countries in terms of natural resources in relation to population. Yet little has been done in recent years to develop these resources, with the result that the country is now suffering from economic stagnation and a falling-off in the standard of living of the people.

Unfortunately, World War II brought widespread destruction to Burma. Then in 1948 the country obtained its independence and ever since has followed a policy of isolation in international affairs and socialization at home. The present government, which came into power in March 1962, is strongly advocating these policies and terms its overall program "Burmese Way to Socialism."

Under this program virtually all segments of the Burmese economy have come under direct state control. The state now operates the export-import trade, the banks, the oil, teak, mining, and cigarette industries, most retail and wholesale outlets, as well as transport, hospitals, schools, and hotels. Although the large and important rice-milling industry has not been taken over by the government, it controls this industry by setting milling and storage rates. It is the sole purchaser of paddy, makes allocations to rice mills for milling paddy at a set price, and also negotiates the export sales of all rice.

Trade controls relaxed slightly

In almost all industries, nationalization has been followed by stagnation and decline. However, a first step away from socialism occurred last October when the sale of some 36 food items comprising more than 10 percent by value of all agricultural products was removed from government control. Standard items in the Burmese diet, such as chilies, onions, beans, potatoes, and shrimp, are among the foods which now legally enter private wholesale and retail trade channels at uncontrolled prices.

A second stop in decontrol took place a month later, in November. At this time, oilseeds and oilseed products —namely, peanuts, peanut oil and oilcake, sesame, sesame oil and oilcake—entered private domestic trade. Reports indicate that following these two liberalization measures the quality of the decontrolled items improved and that prices dropped on all of them, in some cases as much as 50 percent.

Rice supports the economy

Burma's economy is largely based on rice. It is the main food of the people, and more than half of the population is directly engaged in paddy growing or some

Burmese farmers with ox-drawn carts take rice paddy to state-controlled market depot. Rice is basis of country's economy and main food of the people.

other phase of the rice industry. Furthermore, it is the principal source of foreign exchange and provides the largest source of government revenue.

Currently, Burma's paddy rice production for 1966 is estimated at 8.0 million metric tons, down from the 8.2 million tons estimated for the 2 previous years. As a result, rice exports this year are expected to total no more than 1 million tons compared with the 1.2 million estimated for 1966, the 1.4 million shipped in 1965, and the 1960-65 average of 1.7 million.

This decline in rice exports is only partly the result of 1966's smaller crop. More important is grower reluctance to sell at the relatively low fixed government prices. Another factor is that growers must now deliver rice to often widely separated government stations whereas under the previous private enterprise system traders usually purchased directly from the farms. Now more rice is being consumed by farmers and more is finding its way into various black market channels.

Some diversification underway

Although rice occupies some 5 million of the estimated 7 million hectares of cultivated land, recently there has been a trend toward some diversification of the rice economy. While the total area planted to major crops increased approximately 16 percent from 1958-61 to 1962-65, the area in paddy went up only 8 percent. The index of total agricultural production also indicates a faster growth than that for paddy. Among the other crops of considerable importance are coconuts, sesame, peanuts, pulses, cotton, tobacco, and vegetables.

With a high degree of central government control of foreign trade, Burma has managed to maintain a close balance between the value of imports and that of exports. Agricultural products account for about 85 percent of all exports, with rice and rice products alone amounting to over two-thirds of the total. Pulses, oilcake, and some cotton and rubber are other products exported.

Burma's trade partners

The major purchasers of Burma's agricultural products (mainly rice) are Indonesia, Ceylon (through Mainland China), India, Pakistan, and Malaysia. Smaller but increasing amounts are being shipped to the USSR and to countries in Eastern Europe, the Middle East, and Africa.

With regard to imports, about a third of Burma's foreign exchange expenditures are for capital goods. The leading consumer goods imported include textiles, dairy products, pharmaceuticals, and paper products. Farm products account for less than 10 percent of the total.

Burma has generally met its needs for manufactured goods from the United Kingdom, Japan, India, and Mainland China, and to a lesser extent from West Germany, the Netherlands, and the United States. Japan is now the largest supplier of Burmese imports, partly because of its reparations payments to Burma, but imports from Mainland China are increasing.

Since agricultural exports, especially rice, account for most of the country's foreign exchange earnings, it is obvious that reduced exports of rice will curtail Burma's ability to finance imports. To some extent the higher world prices for rice have offset the decline in the volume of rice exported; nevertheless, during the first 6 months of 1966 imports were 40 percent below those of the corresponding period in 1965.

In pursuing its policy of isolation in international affairs, Burma has rejected most offers of foreign aid, particularly those coming from the major world powers. At one time the United States had a fairly sizable technical and economic assistance program there, but this was virtually terminated some years ago at the request of the Burmese Government. Burma no longer buys U.S. food and fiber under Public Law 480, although between 1956 and 1963 it took some $40 million worth of U.S. cotton and small quantities of tobacco and dairy products under the program.

Limited market only

Despite its vast economic potential, it is difficult to be optimistic about the short-run future of Burma's economy. Fortunately for the Burmese, the country, unlike many Asia nations, is not plagued with a shortage of cultivable land in relation to population. As a result, the people are relatively well fed even though their general standard of living is declining.

In view of Burma's own agricultural output, it is unlikely that it will become a significant outlet for U.S. foods, even if further relaxation of government control over the economy should occur. However, the country will need to import some cotton, dairy products, tobacco, wheat flour, and vegetable oils, and the United States can share in this market.

Costa Rica To Impose Import Surcharge

In Costa Rica the new year started with monetary uncertainties and a worsened balance of payments situation. To alleviate the situation the Central Bank in Costa Rica imposed a temporary multiple exchange system January 2 establishing import taxes in the form of foreign exchange surcharges on imports.

The Central Bank plan consists of two steps. A transitory multiple exchange arrangement will be in effect until passage of a law giving the Bank authority to levy foreign exchange surcharges on transactions, with an increasing tax rate, according to categories of essentiality.

The text of the proposed law provides that the Central Bank will make four lists of commodities, one of which will cover goods free of exchange surcharges and the other three having rates of 10 percent, 30 percent, and 50 percent of the c.i.f. price at the Costa Rican port. The Bank might also add a fifth category with a surcharge of up to 100 percent if it is considered necessary.

Categories would be based on essentiality, and the Central Bank would have the discretion of changing items from one category to another. The Central Bank might exempt—on a case-by-case basis—imports which require no outflow of exchange.

The principal U.S. agricultural exports to Costa Rica —wheat, flour, breeding cattle, rice, and corn—are classified in the preferential category of imports and thus are not subject to surcharges. However, some specialty items and so-called luxury items—such as Temperate Zone fruits—are excluded from this preferential category and will be classified in one of the other groupings. This may mean that the Costa Rican market for U.S. apples, pears, and grapes will be affected.

U.S. Cotton Still Finds a Good Market in East Asia

Cotton Council International executive Carl Campbell, *who in the August 1, 1966, issue of* Foreign Agriculture *reported on the cotton situation in five East Asian countries, returned recently from another survey trip to the Orient. Here, he adds Mainland China and the Philippines to the list of countries covered in his August report and updates his analyses of Japan, India, and Hong Kong. The latter four are good markets for U.S. cotton, with Japan the United States top cash buyer. The United States does not trade with Mainland China.*

Philippine recession slackens

The Philippines will most likely increase its cotton imports as the spinning industry becomes more efficient. For 1966-67 (Aug.-July), purchases are estimated at about 190,000 bales (480 lb. net), compared with 155,000 in 1965-66. Of this, about 120,000 will come from the United States, up from 95,000. The United States could supply almost all the country's cotton import needs in the future if a satisfactory credit plan could be worked out, as financing through local banks costs 10 to 12 percent annually.

Philippine textile mills are also increasing their imports of manmade staple fiber, mostly from Japan, and are spinning more and more blends. Last year's imports are estimated at over 11 million pounds of rayon staple and over 6 million of synthetic staple, compared with 9 million and 2.5 million in 1965. At present, the textile industry has 70,000 spindles for spinning manmade fiber and 630,000 for cotton.

The industry is pulling out of its recession of the past several years, and today mills are generally operating 3 shifts a day, 7 days a week. However, efficiency is low, as many experienced workers were dismissed during the recession, and new ones have to be trained.

Per capita consumption of fabric is estimated at 18 yards per person annually and should rise as the overall economy improves. Because of the country's climate, cotton has an advantage over other fibers, but could lose ground unless a good easy-care finish is developed for 100 percent cotton cloth. Millers of cotton textiles are looking to the United States for assistance on this point.

Several Philippine mills are advertising 100 percent cotton fabrics. Promotion by these mills in cooperation with raw cotton interests might halt the inroads manmades—which are being promoted vigorously—are making into cotton market.

Japan to buy more U.S. cotton

Japan's imports of raw cotton in 1966-67 are expected to exceed last year's level of 3.1 million bales (480 lb. net). The U.S. share will increase to an estimated 1.1 million bales, compared with 829,000 in 1965-66.

Amounts taken from other major suppliers will also shift somewhat radically. Mexico will supply about 700,000 bales, against 799,000 in 1965-66; Central America 550,000, against 748,000; east Africa 100,000, against 46,000; Pakistan 95,000, against 120,000; and the USSR over 200,000, against 80,000. The Russian cotton is imported in exchange for high-tenacity rayon.

Since the price of Russian cotton is over 1 cent per pound higher than that of the same grade and staple from other sources, Japanese exporters of high-tenacity rayon are paying cotton mills a compensating allowance of 1-1½ cents per pound to take the Russian cotton. According to trade reports, the cotton is of good quality and is more uniform and better baled than cotton from most other sources. Thus, some observers believe the allowance would be unnecessary if Japanese trading firms merchandized the cotton properly. However, shipment from Russian ports is not dependable, an adverse factor in marketing.

Japan's use of cotton in 1966-67 is expected to exceed last year's total of about 3.2 million bales, leaving the carryover next July 31 essentially the same as that of July 31, 1966.

The Japanese Parliament is expected in the next few months to pass legislation calling for the reorganization of the textile industry. In the meantime, the 10-percent curtailment on cotton yarn production will be continued, and about 700,000 short-staple spindles will be scrapped. Under the new legislation, it is expected that an additional 2.3 million short-staple, but no long-staple (worsted or synthetic) spindles will be disposed of. Negotiations are also under way for reducing production capacity for rayon staple fiber by about one-third.

Top management and labor leaders in the cotton textile industry are collaborating on a study of the problems to be faced if production is extended to three shifts daily. This will likely take place in most mills if the law controlling female employment is revised to allow women to work on the third shift.

Mill activity up in India

India's 1966-67 commercial cotton crop is now estimated by the trade at 4.7 million bales (480 lb. net), somewhat below an earlier estimate of 4.9 million because of drought in some growing areas. Production of Bengal Desi cotton, most of which is used for nonspinning purposes, is estimated at about 250,000 bales.

With mill consumption moving upward, India will import an estimated 750,000 bales this year. About 350,000 will come from the United States, including 25,000 to 30,000 to be purchased with free foreign exchange under the global quota. Indications are that India will buy 25,000 to 30,000 bales from Tanzania and possibly 40,000 from Uganda. Most of the remainder will come from Egypt and the Sudan.

In the first several months of the 1966-67 season, mill activity was running 10 percent above the previous seasons' average. More recently, temporary shortages of cotton caused mills to cut the work week by 1 day until current crop supplies move into market channels in volume. The Fourth 5-Year Plan calls for further expansion of textile production. However, the industry—plagued with labor and supply problems—continues to operate inefficiently.

This year's domestic demand for cotton textiles is expected to be better than last year's but not up to average because poor crops reduced rural incomes and caused a rise in food prices. Thus, people will have less to spend on textiles.

Exports of cotton textiles totaled an estimated 550 million meters in

1966. Removal of subsidies on textile exports last June when the rupee was devalued has hurt shipments of some products. As a result, some observers believe the Indian Government will begin to subsidize exports of the products affected.

Hong Kong's imports hold steady

Hong Kong's cotton imports in 1966-67 are expected to remain near the 1965-66 level of 600,000 bales (480 lb. net). About 150,000 will come from the United States.

So far, Hong Kong mills have bought 90,000 to 100,000 bales of U.S. cotton, over 100,000 from Brazil, and only between 30,000 and 40,000 bales from Pakistan. Outlook is for more imports from Brazil and less from Pakistan. Purchases from east Africa, Pakistan, and other Commonwealth countries will total at least 25 percent of imports so that Hong Kong can continue to enjoy Imperial preference on exports to the United Kingdom, which, along with the United States, is one of its best textile markets.

Textile mills are doing a satisfactory volume of business, but prices are not as firm as millers would like. Since the elimination of the surtax on imports into the United Kingdom, business with that market has been particularly good. Hong Kong is shipping some cotton textile to Indonesia, and millers hope that this trade can be expanded in the near future.

Three or four mills are spinning blended yarns, but so far these represent only a small part of total yarn output. Some mills experimented with blending cotton and polynosic fibers to produce a durable press fabric but were unsuccessful. According to some millers, a 100 percent cotton fabric with durable press finish would find a large market in Asia.

Good crop in Mainland China

Mainland China's 1966-67 cotton acreage is probably down some from 1965-66, though a crop nearly equal to or over last season's 5.8 million bales (480 lb. net) is anticipated. Quality of the crop is reported good. A recent visitor to the country stated that China will not have to import any cotton from Pakistan this year, since it produced its entire requirements of comparable cotton. Nevertheless, substantial imports of other growths will still be needed.

According to one observer, China offered 50,000 bales of cotton for sale at the Canton Fair late last year, but so far no purchases have been reported. About 100 bales were exported to Japan, apparently comparable to M 1" with satisfactory Micronaire and Pressley ratings. Although some cotton may be exported from time to time to generate needed foreign exchange, China will most likely continue as a net importer of raw cotton for some years to come.

Indications are that Mainland China's textile industry is continuing to expand, particularly in the manufacture of synthetics. In cotton textiles, the country appears to be making an effort to compete in the quality market, as styling, finishing, and packaging seem to be improving. Mainland Chinese department stores in Hong Kong continue to offer a wide variety, including some easy-care cottons, at reasonable prices.

Textile exports are believed to have been lower in 1966 as compared with the previous year, totaling an estimated 500 million square meters. Some textiles went to Canada and Australia to pay for wheat and to Hong Kong to generate foreign exchange. Per capita domestic consumption of textiles, though rising, is still low compared with textile consumption in other countries.

1967 Maid of Cotton on First Leg of Tour

With an all-cotton wardrobe created by leading American designers, 1967 Maid of Cotton Georgia Kay Pearce of North Carolina flew to Canada last week, first stop on her national and international tour to promote cotton garments and textiles. The tour to 35 American and Canadian cities, Ireland, and Trinidad-Tobago will include fashion shows, radio and television appearances, and civic activities to call attention in the United States and abroad to the attractiveness and versatility of cotton.

During her 2 weeks in Canada, the Maid is appearing across the country at branches of the nation's largest department store chain. In March, she will visit Trinidad-Tobago for a fashion show whose proceeds will benefit construction of a new hospital. While there, she will also be filmed in resort and summer fashions against the country's tropical background. Miss Pearce will leave in late May for Ireland, where she will make another film and appear at retail outlets of a large fashion house.

The annual Maid-of-Cotton program, now in its 29th year, is sponsored by the National Cotton Council of America, the Memphis Cotton Carnival Association, and the Cotton Exchanges of Memphis and New York. FAS and its cooperator in overseas market development, Cotton Council International, participate in programs in countries where CCI is active—this year Canada and Ireland.

Fall Shows Sell Poultry

Reports just in indicate that U.S. poultry exhibited at overseas food shows last fall made a substantial impact on foreign buyers.

Impressed by public response to a U.S. turkey display and cooking demonstration at the Vienna food fair, an Austrian wholesaler has ordered 30 tons. Considerable interest in smoked turkeys, precooked chicken and turkey products, and poultry specialties is also evident, and U.S. processors and exporters are urged to contact Austrian wholesalers.

Two million pounds of chicken and chicken parts ordered at the U.S. food show in Hong Kong arrived in time for Christmas and the Chinese New Year later in January, and 85 tons of U.S. turkeys are in local warehouses for current sales.

Price and Competition May Curb Mexican Henequen Output

By LAWRENCE R. FOUCHS
Assistant U.S. Agricultural Attaché
Mexico City

The Yucatán Peninsula of Mexico is by far the world's largest producer of the strong leaf fiber, henequen. But because of plunging world henequen prices and competition from synthetics, the Mexican Government is now encouraging farmers in the Yucatán to diversify their agriculture.

Right now henequen decortication and the making of henequen products constitutes the major industrial activity in the State of Yucatán. It represents approximately 58 percent of the total value of industrial production and employs some 63 percent of industrial workers.

Since 1964, however, both world and at-farm prices have dropped drastically, making henequen production somewhat uneconomical. The world price has gone from 15.25 cents per pound (Grade A, landed, N.O.) from February-July 1964, to 14 cents in August and September, 11.45 cents in October, and down to its current level of 9.50 cents in February 1965. At-farm prices have dropped just as sharply, as is shown — by grade — in the table below:

Grade	Nov. 4, 1964 *U.S. dol. per pound*	Oct. 19, 1966 *U.S. dol. per pound*
AA	0.099	0.065
A	.092	.056
B	.090	.053
ML	.085	.049
C	.079	.045
MC	.076	.044

Decreases in price will probably cause substantial reductions in henequen production. Reports from the Yucatán indicate that no new henequen fiields are being planted, and there likely will be a substantial drop in output, especially after 1971.

Besides lower prices, the Yucatán henequen industry is having to cope with competition from synthetic fibers. Mexican henequen is exported as baler twine, henequen yarn, or as raw fiber—chiefly to the United States. Already baler twine made from synthetics in the United States has cut into the market for henequen twine.

New use for residue

New developments are emerging which may be beneficial to the henequen industry, such as experiments with the residue of the decorticated leaves, called bagasse. Tests are being made using this residue—which used to be discarded—as an animal feed and fertilizer for crops.

Also, Cordemex, S.A., is building a factory to manufacture rugs from henequen fiber. The Mexican Government purchased Cordemex in May 1964 through its investment bank, Nacional Financiera. Until this time, Cordemex consisted of privately owned cordage mills which processed raw henequen into finished products, as is now being done by Cordemex, S.A.

Henequen is grown in the northwestern part of the State and on about 27 percent of the total area in the Yucatán. The State of Yucatán covers 4.3 million hectares, almost all of it flat. The only significant elevation is the Sierrita Yucateca in the southwestern part of the State. Rainfall is rapidly filtered into the subsoil, creating many underground water currents; the climate is warm, free from frost, and temperatures are fairly even throughout the year. The stony surface and shallow soils through most of the State, however, present some problems for agriculture. Somewhat better soils are found in the lowlands to the south of the Sierrita Yucateca, but much of this area becomes flooded during the rainy season and

Below, Mexican cuts henequen plants to be sent to a decortication plant where fiber is mechanically separated from the pulp, then dried, at right.

requires drainage before it can be used for agricultural production.

The actual area now planted to henequen is 250,000 to 300,000 hectares, located around the city of Motul. This zone has a shallow soil cover of 4 to 8 inches, with limestone rock exposed on much of the surface. The continuous use of this area for henequen production for more than a century has contributed to the deterioration of the soil.

Small and large landholders

There are three types of henequen growers in the Yucatán—*ejidatarios*, farmers who have received 3-4 hectares of land under the Mexican agrarian reform program; *parcelarios*, small landholders having no more than 40 hectares; and *pequeños proprietarios*, former hacienda owners who are legally limited to 300 hectares of their former holdings. The parcelarios and the pequeños propietarios usually have the highest yields per hectare and produce better quality fiber. Of the three types of farmers, the ejidatarios probably will be hit hardest by price problems as the cutting of lower grade leaves becomes less economical.

Government officials in the Yucatán are encouraging these farmers to grow several kinds of fruits and vegetables since there are markets for such crops as citrus fruits, strawberries, tomatoes, and cucumbers.

Cucumber exports tried

In the winter of 1965-66, for the first time cucumbers grown in the Yucatán were exported to Florida. These cucumbers were grown on an experimental farm of the National Agricultural Credit Bank, with technical and marketing direction provided by an American company. A packing and refrigeration plant was established at the port of Progreso from where shipments were made. Although the first year of the cucumbers-for-export project was not too successful financially, the possibility of production of vegetables for both domestic consumption and export still looks good. Water is available, but a big problem in growing vegetables in the Yucatán is finding land that can be cultivated with machinery.

Crop diversion is only one way the Mexican Government is seeking other employment for the people of the Yucatán now that the henequen industry is at an apparent standstill. An important enterprise slated for further development in the Yucatán is tourism. In this area of Mexico fishing is abundant and the famous Mayan ruins have been attracting tourists for some years. Also nearby are the famous resort islands of Isla Mujeres and Cozumel.

Australia Is Marketing Huge Wheat Crop

The Australian wheat harvest, nearly completed, is expected to yield about 420 million bushels (11.43 million metric tons), according to a recent announcement of the Australian Wheat Board. This unusually large outturn is 14 percent above the previous record crop of 369 million bushels (10 million tons) 2 years ago.

The Board indicated that with a crop of this size their export availability is 330 million bushels (9 million tons), an increase of 60 million bushels (1.6 million tons) over the previous largest exports in the marketing year ended November 30, 1965. Wheat that Australia has exported during the 5 years ended 1966 averaged 6 million tons a year.

By the first week in January, over one-third of this year's surplus was sold. Overseas contracts totaled 3.27 million metric tons, including a November commitment of 1.63 million to Communist China. Australia is expected to seek other markets, particularly in the Pacific area, including Japan and Malaysia.

Sales to Pakistan, North Korea

A new sale to Pakistan announced January 7 brought the season's contracts so far with that country to over 450,000 tons. Terms, similar to those in the November 15 sale, were for 10 percent cash, 20 percent payment after 6 months, 20 percent after 9 months, and 50 percent at 12 months. A contract with North Korea for 115,000 tons, made through an international grain merchant, is for cash. Shipment is scheduled for February to April.

Australian liftings of wheat (excluding flour) in December 1966 were 551,000 metric tons compared with only 316,000 in the preceding December. This figure represents the highest level of December shipments that has ever been recorded.

World Coffee Prices Drop in Recent Months

There has been a general weakening of green coffee prices in the past few months. This especially has been the case for Brazils, Colombians, and "other mild" Arabicas. Robusta prices have not declined as much, as demand and availability have been relatively steady.

According to trade reports, appearance of tourist coffees in European markets is having a depressing effect on prices. A number of Central American producers rushed into the market to meet the September 30th deadline under the International Coffee Agreement and exported large quantities of coffees to new markets. These shipments are at present partly responsible for the falling prices.

Surpluses, which were previously confined primarily to Brazil and Colombia, are in existence in all producing areas. The impact of these surpluses, likewise, is taking its toll in further weakening prices.

The decline in prices has somewhat dampened optimism that followed the August-September meeting of the International Coffee Organization (ICO). It was believed that the price ranges within the selectivity system and other measures would not only permit the flow of coffee by type to meet market demand, but would also stabilize prices. It was not anticipated that the trade would shift its purchasing policies.

There was a general feeling that the steps taken by ICO would strengthen the International Coffee Agreement. This may still be the case, but in light of the quota cuts for "other mild" producing countries, there is concern as to what the future holds for coffee prices.

In any event, coffee export policy (adherence to quotas) in producing countries is expected to be a very important price determinant during the second quarter (January-March) of the 1966-67 coffee year.

—JOHN I. KROSS
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Eleven-Month Report on U.S. Trade in Livestock and Meat Products

U.S. exports of livestock and meat products during the first 11 months of 1966 continued to run well under levels of a year earlier. Imports, on the other hand, were ahead of the previous year's.

Most products on the export list were lower than in 1965. U.S. exports of red meat (including variety meats) were down 5 percent from the 1965 period. Shipments of lard were off 38 percent, and those of tallow—a top U.S. dollar earner in foreign markets—were down 6 percent. There was, however, a sharp increase in November tallow exports, and U.S. tallow supplies are expected to be up for the next several months as a result of increased slaughter of heavier weight fed cattle. Exports of live cattle fell 46 percent in the first 11 months, though sales for November 1966 were up 13 percent from the same month in 1965, reflecting renewed strength for U.S. breeding stock overseas.

One bright spot in the export picture has been the strong increase in demand for U.S. hides and skins. Exports for the first 11 months of 1966 totaled 18.2 million pieces, an increase of 7 percent over the same period in 1965. Mohair exports were up 16 percent.

Red meat imports into the United States continued to be strong in 1966. For the first 11 months of 1966, they totaled nearly 1.2 billion pounds, up 28 percent from the same period in 1965. Prices in the United States have been relatively more attractive to exporters than those in Western Europe and a strong premium for U.S. imports of manufacturing-type beef began to emerge early in the fall of 1966. Imports of boneless beef were up 35 percent for the first 11 months of 1966. Pork imports were up about 18 percent, and lamb, 24 percent. A sharp increase occurred in mutton and goat meat imports, another indication of the strong U.S. demand for processing meats.

Imports of meats covered by the Meat Import Law (P.L. 88-482)—which includes fresh, chilled, or frozen beef and veal, mutton, and goat meat—totaled 757.4 million pounds for the first 11 months of 1966. This was a 35-percent increase over the same period in 1965 but

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	November		Jan.-Nov.	
	1965	1966	1965	1966
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	10,325	19,377	230,292	143,650
Tallow and greases:				
Inedible	146,194	202,013	1,927,093	1,806,964
Edible	2,510	2,182	16,158	14,737
Red meat:				
Beef and veal	5,604	2,368	40,592	26,264
Pork	5,294	6,449	43,811	45,622
Lamb and mutton	91	154	1,041	1,511
Sausages:				
Except canned	244	293	1,990	2,113
Canned	70	112	1,366	1,148
Other canned meats	774	746	7,396	7,145
Meat specialties:				
Frozen	124	240	1,429	1,836
Canned	284	147	2,106	1,663
Total red meat	12,485	10,509	99,731	87,302
Variety meats	19,486	22,745	201,906	199,737
Sausage casings:				
Hog	594	614	6,102	6,329
Other natural	481	700	5,520	5,473
Mohair	577	1,114	8,295	9,598
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	1,036	1,698	12,032	13,097
Calf	209	136	1,706	1,919
Kip	44	39	442	483
Sheep and lamb	325	178	2,580	2,259
Horse	1	2	27	58
Goat and kid	13	22	299	392
	Number	*Number*	*Number*	*Number*
Live cattle	3,100	3,511	51,146	27,582

Bureau of the Census.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	November		Jan.-Nov.	
	1965	1966	1965	1966
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	653	307	4,806	4,809
Fresh and chilled	4,019	709	20,435	14,809
Boneless beef	47,348	54,979	490,189	661,313
Cuts (prepared)	266	1,263	1,929	5,289
Veal	2,854	2,055	17,068	19,376
Canned beef and beef sausage	7,589	9,865	84,826	86,481
Prepared and preserved	1,824	2,974	20,436	28,640
Total beef and veal	64,553	72,152	639,689	820,717
Pork:				
Fresh and frozen	5,613	3,271	43,895	38,057
Canned:				
Hams and shoulders	12,230	15,721	154,509	182,301
Other	2,051	4,483	25,427	45,512
Cured:				
Hams and shoulders	151	121	1,469	1,415
Other	461	335	4,852	3,531
Sausage	187	311	1,727	2,368
Total pork	20,693	24,242	231,879	273,184
Mutton and goat	2,407	3,011	27,960	57,076
Lamb	1,823	409	11,502	14,265
Other sausage	531	528	4,506	5,390
Total red meat	90,007	100,342	915,536	1,170,632
Variety meats	338	388	1,833	3,092
Wool (clean basis)				
Dutiable	14,314	8,892	148,989	151,850
Duty-free	6,787	6,963	101,481	106,006
Total wool	21,101	15,855	250,470	257,856
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	50	14	263	190
Calf	24	22	422	220
Kip	43	21	584	390
Buffalo	68	49	541	421
Sheep and lamb	1,382	1,270	27,372	26,913
Goat and kid	968	604	13,021	9,967
Horse	34	16	349	228
Pig	112	123	2,630	2,035
	Number	*Number*	*Number*	*Number*
Live cattle [1]	234,293	169,857	899,350	930,996

[1] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

still well below the level of 979 million which would trigger the use of import quotas.

(On December 23, 1966, the Secretary of Agriculture announced that the first quarterly estimate of meat imports subject to the Meat Import Law for 1967 was placed at 960 million pounds. The adjusted base quota for 1967 was set at 904.6 million pounds. The level of estimated imports which would trigger imposition of quotas for 1967 is 110 percent of the base quota, or 995.0 million pounds.)

Imports of live cattle — mainly feeder cattle from Mexico and Canada—have dropped off sharply in recent months. Imports in November 1966 were down 27 percent from November 1965, and total imports for the first 11 months of 1966 were only slightly above a year earlier. The slower movement of cattle in recent months indicates a tightening of feeder cattle supplies in the exporting countries.

Dutch Restrictions on U.S. Beef Eased

The Netherlands has relaxed its restrictions on size of beef cuts imported from the United States—a move regarded as a breakthrough in the U.S. attempt to get high-quality beef into the EEC market.

The Netherlands now permits entry of bone-in and bone-out cuts of U.S. beef weighing at least 3 kilograms (about 6.6 lb.) and meeting Dutch inspection requirements. This covers such beef parts as standing ribs, short loins, and sirloins and makes price the determining factor in whether quality U.S. beef will move into this market. Previously, beef whole loins had been the only exception to the requirement that imports of beef be in cuts no smaller than quarters.

Hotels and restaurants, through established trade channels, offer the best potential outlet for high-quality U.S. beef. In 1965, the United States shipped 826,000 pounds of beef to the Netherlands.

Mexican West Coast Vegetable Acreage Higher

Early indications are for continued expansion in acreage for most winter vegetables grown on the west coast of Mexico. Plantings of some vegetables begin in September and continue until late February or early March. Thus, final planted acreage will not be known for some time.

The acreage of pole tomatoes has continued the sharp upward trend of recent years, while plantings of ground tomatoes have declined sharply. One acre of pole tomatoes will produce a tonnage of marketable tomatoes equal to 3 or 4 acres of ground tomatoes. While total acreage of tomatoes is about the same as in 1966, the potential production is much larger. Nearly all of the cherry tomatoes are grown on stakes.

The acreage of cucumbers and watermelons appears to be low and may be revised upward.

There has been some frost damage in the northern areas and slight damage around Los Mochis. However, a large portion of the acreage of most vegetables is concentrated in the Culiacán valley where growing conditions are excellent and quality of the produce is above average.

U.S. imports of Mexican vegetables are governed to some extent by price levels in the U.S. and Canadian markets, but they are likely to be much larger than the record large imports of Mexican vegetables last season.

Preliminary acreage of several winter vegetables on the west coast with comparisons for the past 2 years are as follows:

Vegetable	Planted acreage		
	1964-65	1965-66	1966-67 [1]
	1,000 acres	*1,000 acres*	*1,000 acres*
Tomatoes:			
Pole	16.1	20.0	23.7
Green or bush	14.9	9.6	4.9
Cherry	.8	1.2	2.2
Peppers	3.5	4.4	6.4
Cucumbers	3.8	4.6	4.3
Cantaloups	10.9	12.4	9.7
Watermelons	2.0	1.7	5.3
Peas	2.1	4.2	3.0
Beans (green)	1.2	1.6	2.0
Squash	.4	.7	1.6
Eggplant	.4	.4	.5

[1] Preliminary.

Australian Canned Fruit Minimun Export Prices

The Australian Canned Fruits Board has announced its 1967 minimum export prices (c.i.f. U.K. ports). Fancy clingstone peaches were quoted slightly below the 1966 level, while choice and standard remained unchanged. The 1967 fruit cocktail prices, with the exception of 8-ounce cans, are slightly below those of 1966.

AUSTRALIAN CANNED FRUIT MINIMUM EXPORT PRICES [1]

Fruit and can size	Fancy		Choice		Standard	
	1966	1967	1966	1967	1966	1967
Apricot halves:	*U.S. dol. per doz.*		*U.S. dol. per doz.*		*U.S. dol. per doz.*	
2½	3.50	3.57	3.29	3.36	3.15	3.22
No. 1	2.17	2.24	2.06	2.14	2.00	2.06
8 oz.	1.44	1.47	1.36	1.40	1.33	1.36
Peaches, halves and slices:						
Clingstone:						
2½	3.46	3.40	3.26	3.26	3.12	3.12
No. 1	2.14	2.10	2.03	2.03	1.96	1.96
8 oz.	1.44	1.40	1.36	1.36	1.33	1.33
Freestone:						
2½	3.12	3.12	2.90	2.90	2.76	2.76
No. 1	1.92	1.92	1.82	1.82	1.75	1.75
8 oz.	1.30	1.30	1.22	1.22	1.19	1.19
Pears, halves and quarters:						
2½	3.64	3.64	3.43	3.43	3.29	3.29
No. 1	2.24	2.38	2.20	2.28	2.14	2.20
8 oz.	1.47	1.50	1.40	1.44	1.36	1.40
Two-fruits:						
2½	3.46	3.40	3.26	3.26	3.12	3.12
No. 1	2.14	2.10	2.03	2.03	1.96	1.96
8 oz.	1.44	1.40	1.36	1.36	1.33	1.33
Fruit cocktail:						
2½	4.16	4.13	3.96	3.92	3.82	3.78
No. 1	2.66	2.62	2.56	2.52	2.48	2.45
8 oz.	1.75	1.75	1.68	1.68	1.64	1.64
Fruit salad:						
2½	4.69	4.69	4.48	4.48	4.34	4.34
No. 1	2.84	2.90	2.73	2.80	2.66	2.73
8 oz.	—	1.89	—	1.82	—	1.78

[1] C.i.f. United Kingdom ports.

Guatemala Cotton Crop Smaller

Harvest of the 1966-67 cotton crop in Guatemala will soon begin. Current estimates point to a crop of around 350,000 bales, about 10 percent below the record 1965-66 crop of 395,000 bales.

Area devoted to this season's crop, estimated at 250,000

acres, is about 12 percent below 1965-66 planted area of 285,000 acres. The decline in planted area, reportedly, is the result of lower world prices and increasing production costs. Planting and growing conditions for this season's crop have, reportedly, been favorable, suggesting that average yield may at least equal the 1965-66 outturn of 665 pounds per acre.

Guatemala has consumed an average of about 30,000 bales annually in the past few years.

Exports of raw cotton in 1965-66 (August-July) totaled an estimated 365,000 bales. Actual exports in the August-June period were 327,000 bales. Principal destinations, their takings in thousands of bales, were Japan 141, Spain 29, Italy 27, West Germany 27, France 19, Taiwan 15, Belgium 11 and the United Kingdom 10.

Fourth Quarter U.S. Cocoa Bean Grind Down

According to the Department of Commerce, U.S. cocoa bean grindings during October-December 1966 totaled 175.3 million pounds, down 1.3 percent from the corresponding 1965 period. The smaller grind reflects higher cocoa bean prices and rising costs of other ingredients, which has resulted in some manufacturers reducing the size of chocolate bars and has tended to hold down expansion in the use of chocolate in other confectionery and baking products.

However, because of larger grindings during January-September, the total U.S. grind in 1966 was up 3 percent from the 628.5 million pounds of 1965.

Ceylon Tea Crop Expected To Be Smaller

Ceylon tea production during the first 10 months of 1966 totaled 407.3 million pounds, down 6.7 million from the corresponding 1965 period.

Production during early 1966 was running well ahead of the similar 1965 period; however, falling prices and less favorable weather resulted in lower output in the following months. It now appears that the 1966 crop will not reach the 1965 record of 503.2 million pounds.

Canada's Honey Production Declines

Canada's 1966 honey crop was 43.7 million pounds, according to the Dominion Bureau of Statistics. This is 11 percent below the 1965 production but substantially above the 1964 crop of 36.7 million pounds. The decline from 1965 was nearly all due to a sharp reduction in yield per colony in Alberta and British Columbia. The average yield per colony for all Canada was 102 pounds, down from the record high of 119 pounds in 1965.

The number of beekeepers in 1966 was estimated at 9,890, about 500 less than in 1965. However, the total number of colonies increased from 413,030 in 1965 to 429,870 in 1966, indicating a continuation of the trend to larger enterprises.

The bulk of Canada's honey is domestically consumed, but exports have been expanding. Shipments in 1966 were at about the same level as the 7.9 million exported in 1965, but more than double the 3 million pounds exported in 1964. The United Kingdom is the largest customer, though exports to West Germany have increased. Exports during 1967 can probably be maintained at about the same level as in the prior 2 years.

Mexico Raises Cigarette Prices

Effective January 1, 1967, the Mexican Government increased maximum retail prices of cigarettes selling for the equivalent of 8 U.S. cents or more per pack. Most of the increases on the higher priced brands are in the range of 3 to 5 cents per pack. Cigarettes that sold for under 8 cents per pack are not affected by the price rise, and prices on imported cigarettes remain as before.

The increases were authorized by the government at the request of cigarette manufacturers, who felt they were not making reasonable profits at previous price levels.

Spain Imports More Tobacco

Spain's imports of unmanufactured tobacco during January-June 1966 totaled 40.5 million pounds—up 9 percent from the 37.1 million for January-June 1965. Major suppliers in the first half of 1966 included Brazil 13.9 million pounds, the Philippines 9.0 million, Paraguay 5.9 million, Cuba 4.7 million, and the United States 3.2 million.

Soviet Union's Tobacco Imports

Latest reported data on the Soviet Union's tobacco imports are for the year 1965, when purchases abroad totaled 229.5 million pounds. This compares with 284.6 million for 1964. In both 1964 and 1965, Bulgaria and India were the major suppliers of tobacco to the Soviet Union. Other countries furnishing substantial quantities included Romania, Greece, Cuba, Brazil, and North Korea.

SOVIET UNION'S TOBACCO IMPORTS

Origin	1963	1964	1965
	Million pounds	*Million pounds*	*Million pounds*
Bulgaria	92.4	119.5	90.6
India	44.1	67.0	64.4
North Korea	15.2	8.2	17.9
Greece	8.2	9.7	12.3
Cuba	7.3	14.6	11.0
Romania	5.7	15.4	10.1
Hungary	4.4	7.7	7.9
Brazil	11.2	14.6	5.7
Others	17.4	27.9	9.6
Total	205.9	284.6	229.5

Tobacco Intelligence, London.

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Highlights of the Agriculture and Trade of the Rep. of South Africa

Resources:—The Republic of South Africa has an area of 472,000 square miles, about one-sixth the size of the United States. Its population was over 18 million in 1966. In 1965 the Republic had a Gross National Product of $10.7 billion, around $600 per person; agriculture's contribution to this GNP was about 8.8 percent.

Agriculture:—Scarcity of water and erratic rainfall distribution limit the agriculture of South Africa. Only about 20 percent of the area receives more than 20 inches of rainfall, principally in summer months, and much of the livestock range country receives less than 15 inches. Most of the interior plateau (highveld) has relatively low rainfall, but the area is suitable for corn, wheat, grain sorghum, sunflowers, and pasture grasses. The Western Cape and part of the Eastern Cape receive winter rainfall and have a "mediterranean type" climate suitable for wheat and deciduous fruit, vegetables, and some citrus. The northern section of Western Cape Province and the interior section of eastern Cape Province have a very low rainfall, which produces a range suitable for sheep, Angora goats, and some cattle.

The more tropical portions of the country are the Natal coast, known as the sugar belt of the country, and the lowveld of northern and eastern Transvaal. The majority of the citrus is produced in the Transvaal lowveld. Corn is primarily produced in the Maize Triangle of the Orange Free State and Transvaal highveld.

Agricultural production in South Africa has shown a generally steady upward trend since 1954, even though some commodities such as wheat and corn show great variations because of recurring drought. Citrus and deciduous fruits have shown steady growth patterns. According to the USDA index, agricultural production in 1966 was 29 percent greater than in 1957-59, while per capita production was up 7 percent.

Food situation:—South Africa is largely self-sufficient in food, including fish and meat. It needs to import rice and some wheat along with a few minor items. Only in severe drought years like 1965-66 are significant quantities of wheat and even corn imported. In 1963 the Republic was the world's third largest exporter of corn.

Daily per capita food consumption (1959-61 average) was estimated at 2,750 calories per person, and probably has increased some since that date. Although there was a high consumption of grains—predominantly corn—20 percent of the calories were obtained from meat, fish, and other protein foods.

Foreign trade:—South Africa produces and exports a wide variety of farm products—fruit, corn, wool, mohair, karakul pelts, wine, sugar, and others. Down from a record high of $617.4 million in 1963, farm exports were valued at $511.3 million in 1964. Chief among these were wool valued at $157.5 million; citrus valued at $43.7 million; pineapples, deciduous and other fruit (including canned), $36.7 million; sugar valued at $48.6 million; and hides and skins, $24.4 million. South Africa is one of the world's major exporters of canned deciduous fruit, particularly peaches.

Continuing an upward trend, South African agricultural imports were valued at $156.2 million, up from $144.3 million in 1963. Chief farm imports in normal years include rice, tallow, moderate quantities of wheat and jute; tea and coffee are at the top.

The Republic is the world's major producer and exporter of gold—now valued at over $1 billion annually—and this commodity enables it to maintain a favorable trade balance.

Agricultural trade with the U.S.:—In 1965, the United States exported commodities worth $436.8 million to South Africa. Of this amount $25.4 million were in agricultural commodities, principally rice, cotton, and tallow.

U.S. imports from South Africa in 1965 were valued at $230.3 million, including agricultural products of $41 million. Chief among these were wool, sugar, and table grapes.

Factors affecting agricultural trade with the U.S.:—South Africa competes with the United States in a number of commodities on world markets, but it has a preferential market for canned deciduous fruits in the United Kingdom. South Africa's imports are controlled by the government and by 20 Commodity Boards through licensing and import restrictions aimed primarily to protect domestic producers. A bilateral trade agreement with Rhodesia provides preferential trade, including duty-free entry of a minimum of 2 million pounds of Rhodesian flue-cured tobacco annually into South Africa.

—ROBERT C. MONCURE
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